ganesh@ramascapital.com

From: Ganesh Betanabhatla <ganesh@ramascapital.com>
Sent: Thursday, October 17, 2019 9:33 AM
To: Investor 1
Subject: Project Sierra (Ruckus Energy Holdings, LLC) Summary Bullet Points
Attachments: Project Sierra Investment Committee Presentation vFINAL5 (EXTERNAL).pdf; Ramas Capital Management - Project Sierra Financial Model vFINAL_EXTERNAL6.zip

Dear [redacted],

Please find below summary bullet points on the Project Sierra Opportunity. I've also attached the full memorandum and financial model for your review.

Transaction Background

- Ramas Capital Management ("Ramas" or the "Firm") has formed a special purpose vehicle ("SPV") for the purpose of capitalizing Ruckus Energy Holdings, LLC ("Ruckus" or the "Company"), a Houston, Texas based private E&P company, to execute a "fast follower" vertical well development strategy in West Texas focused on the Clearfork formation (the "Play").

- Since closing, Ramas has invested $25MM of a total $50MM equity commitment. Ramas is presently seeing to raise an additional $25MM of equity capital in order to meet its $50MM equity commitment. New investors would be admitted to the SPV at cost.

- Equity invested to date has been used to fund the Company's development drilling program as well as the Company's acreage leasing program.

- Ramas also retains the option to invest an additional $50MM of equity into the Company, resulting in a total equity commitment of $100MM. The exercise of this option is contingent upon the availability of a specific acquisition target currently under evaluation.

Company Background

- Ruckus is a "pure-play" E&P company with approximately 4,000 "blocked-up" operated net acres located in Winkler County, Texas, primarily focused on the Clearfork formation. The Company's acreage also presents a secondary development opportunity in the Pennsylvanian formation (horizontal development target) as well as tertiary development opportunities in the Wolfcamp, Barnett and Woodford formations (all horizontal development targets). In addition to the Company's current acreage holdings, the Company has the option to lease an additional 15,000 net acres in the Play, resulting in a total acreage position of 19,000 net acres (this excludes the additional acreage that would be gained if the Company were to acquire the aforementioned target).

- Assuming a flat price deck of $50/Bbl of crude oil (WTI) and $2.50/Mmbtu of natural gas (Henry Hub), a single vertical Clearfork drilling location delivers an unlevered IRR of approximately 76% and an unlevered MOIC of approximately 3.7x. This expected well performance is based on 61 recently completed vertical Clearfork wells in and around the Company's Area of Interest. As such, Ramas believes the projected asset level economics have been significantly de-risked.

- Based on the Company's currently contemplated development program, assuming a flat price deck of $50/Bbl of crude oil (WTI) and $2.50/Mmbtu of natural gas (Henry Hub), the overall investment is expected to deliver an unlevered IRR of approximately 33.1% and an unlevered MOIC of approximately 3.8x in a five year period. Ramas' Upside Case Financial Projections indicate returns in excess of 5.0x.

- The investment also has several tangible "upside" levers:
  Over-performance of future wells relative to the Base Case expectations (the Company's larger offset operator, Blackbeard, is completing wells that produce 2x the total volumes of a Ruckus well – the Company

is currently working with Halliburton and Schlumberger to identify the difference in well completion methodology so as to replicate these results)
Capital cost reductions (the Company's future wells are expected to cost approximately $690,000 versus the historical cost of $750,000)
Value for proven drilling locations at exit (for purposes of conservatism, the Base Case Financial Projections do not attribute any value for undrilled locations at exit – with that said, a recently received unsolicited offer provides an "NPV-15" valuation for these locations – future cash flows from these locations would be valued using a 15% discount rate – resulting in a potential return uplift of up to 2.0x)
Accelerated development timing (the Company plans to add a second drilling rig, thereby reducing the hold period from five years to two and a half years, significantly increasing the investment IRR)

- The Company's acreage holdings are directly offset by a larger, private E&P company called Blackbeard Operating, LLC ("Blackbeard"), a Midland, Texas based company capitalized by Natural Gas Partners. Blackbeard has drilled over 60+ wells in the Play, delivering unlevered IRRs between 80% to 300%. In addition to replicating Blackbeard's well performance, both Ramas and Management believe that Blackbeard is a natural acquirer of the Company's assets, in addition to other potential suitors seeking a deep inventory of high return drilling locations that can quickly provide a self-funding development program.

Please let me know if you have any questions.

Thank you,
Ganesh

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Ganesh H. Betanabhatla
Managing Partner and Chief Investment Officer
Ramas Capital Management
(O) (713) 322-5194
(F) (713) 568-6104
(M) (402) 960-1285
ganesh@ramascapital.com